

**MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA**

**FINANCIAL REPORT**

**As of and for the Year Ended  
December 31, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-21-06

MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana

Financial Report

As of and for the Year Ended December 31, 2005

**C O N T E N T S**

	<b>Statement</b>	<b>Page No.</b>
<b>Independent Accountant's Report</b>		3
<b>Required Supplemental Information:</b>		
Management's Discussion and Analysis		4
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Assets - Governmental Activities	A	6
Statement of Activities - Governmental Activities	B	7
Fund Financial Statements:		
Governmental Fund - General Fund:		
Balance Sheet	C	8
Statement of Revenues, Expenditures and Changes in Fund Balances	D	9
Notes to the Financial Statements		11
	<b>Schedule</b>	<b>Page No.</b>
<b>Required Supplemental Information:</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) And Actual - General Fund	1	22

MOREHOUSE PARISH LIBRARY

Bastrop, Louisiana  
Financial Report  
As of and for the Year Ended December 31, 2005

**C O N T E N T S (Contd.)**

	<b>Schedule</b>	<b>Page No.</b>
<b>Other Supplemental Information Schedules:</b>		
Status of Prior Year Findings	2	25
Current Year Findings and Corrective Action Plan	3	26
<b>Independent Accountant's Report on Applying Agreed-Upon Procedures</b>		28
<b>Louisiana Attestation Questionnaire</b>		32

## **Independent Accountant's Report**

**BOARD OF CONTROL  
MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana**

I have reviewed the accompanying financial statements of the governmental activities and major fund of the Morehouse Parish Library, as of and for the year ended December 31, 2005. These financial statements are the responsibility of the management of the Morehouse Parish Library.

My review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of the personnel of the Morehouse Parish Library and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated May 17, 2006, on the results of my agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information on pages 4 and 22, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

/s Carleen Dumas  
Calhoun, Louisiana  
May 17, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2005**

As management of Morehouse Parish Library (the "Library") (a component unit of Morehouse Parish), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2005. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Library's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Library's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Library based on information presented in the financial report and fiscal policies that have been adopted by the Library. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Library's financial activity, identify changes in the Library's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes and supplementary information that are provided in addition to this discussion and analysis of management.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements, the Library also includes in this report additional information to supplement the basic financial statements.

**1. Government-wide financial statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net assets and statement of activities, seeking to give the users of the financial statements a broad overview of the Library's financial position and results of operations in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Library's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving

or weakening. Evaluation of the overall economic health of the Library would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Library's net assets changed during the most recent year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Library's distinct activities or functions on revenues provided by the users of the Library's services.

The government-wide financial statements report governmental activities of the Library that are principally supported by tax revenues. Governmental activities include general administrative services and culture and recreation.

## 2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses a fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Library as a whole with the major fund being separately reported.

The Library has only a governmental fund that is reported in the fund financial statements and encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Library's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

## 3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

### Government-Wide Financial Analysis

The Library's combined net assets of governmental activities decreased approximately \$13,000 between the two years ended December 31, 2005 and 2004.

The following provides a summary of the net assets (in thousands of dollars) of the Library as of December 31:

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 795	\$ 799
Capital assets	<u>238</u>	<u>258</u>
Total assets	<u>\$ 1,033</u>	<u>\$ 1,057</u>
Other liabilities	<u>\$ 413</u>	<u>\$ 424</u>
Net assets:		
Invested in capital assets	\$ 238	\$ 258
Unrestricted	<u>382</u>	<u>375</u>
Total net assets	<u>\$ 620</u>	<u>\$ 633</u>

As noted earlier, net assets may serve over time as a useful indicator of the Library's financial position.

The following summarizes the Library's net asset changes (in thousands of dollars) between the two years ended December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for services	\$ 6	\$ 7
General revenues:		
Ad valorem taxes	398	368
State revenue sharing	33	32
State aid	15	30
Interest and miscellaneous	<u>6</u>	<u>9</u>
Total revenues	<u>\$ 458</u>	<u>\$ 446</u>
Expenses:		
General government	\$ 13	\$ 10
Culture and recreation	439	392
Depreciation	<u>19</u>	<u>20</u>
Total expenses	<u>\$ 471</u>	<u>\$ 422</u>
Increase (decrease) in net assets	<u><u>\$ (13)</u></u>	<u><u>\$ 24</u></u>

The Library's total revenues increased by \$12,000 while the total cost of all programs and services also increased by \$49,000. The majority of the revenue increase was attributable to additional ad valorem taxes. Increases in personal services, operating services, and materials and supplies accounted for the majority of increase in expenses. The Library's expenses cover a range of services, with more than one-half related to personal services (payroll, benefits, etc.).

General revenues are those available for the Library to pay for the governmental activities. For the year ended December 31, 2005, ad valorem taxes were the largest general revenue source (88%) by far for the Library.

Program revenues derive directly from the program itself and, as a whole, reduce the cost of the function to be financed from the Library's general revenues.



## **Financial Analysis of the Governmental Fund**

As of December 31, 2005, the Library's governmental fund reported an ending fund balance of \$381,813, an increase of \$6,925 from \$374,888 as of December 31, 2004. The fund balance of the governmental fund is unreserved as of December 31, 2005.

### **Budgetary Highlights**

The Library made amendments to its original budget for the year ended December 31, 2005 increasing expenditure appropriations by \$84,000. Actual revenues of the General Fund of \$478,015 exceeded budgeted revenues of \$367,500 by \$110,515 while actual expenditures of \$461,389 were less than budgeted expenditures of \$544,000 by \$82,611.

### **Capital Assets**

As of December 31, 2005, the Library had invested \$238,453 in capital assets, including land, buildings, and equipment. No capital asset additions or deletions were made during the year ended December 31, 2005.

### **Economic Factors and Next Year's Budget**

As the Library foresees little, if any, increase in operations for the next year, less than 10% adjustments were made in the 2006 budgeted amounts in comparison to the 2005 budgeted amounts.

### **Requests for Information**

This financial report is designed to provide a general overview of the Library's financial picture for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Librarian, P.O. Box 232, Bastrop, Louisiana 71221-0232.

## **BASIC FINANCIAL STATEMENTS**

**Statement A****MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana****STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
December 31, 2005****ASSETS**

Cash and cash equivalents	\$261,371
Certificate of deposit	150,000
Ad valorem taxes receivable	383,235
Capital assets, net of depreciation	<u>238,453</u>

<b>TOTAL ASSETS</b>	<b><u>\$1,033,059</u></b>
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**LIABILITIES**

Accounts payable	\$3,933
Payroll withholdings and accruals	887
Deferred revenue	<u>407,973</u>

<b>TOTAL LIABILITIES</b>	<b><u>412,793</u></b>
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**NET ASSETS**

Invested in capital assets	238,453
Unrestricted	<u>381,813</u>

<b>TOTAL NET ASSETS</b>	<b><u>620,266</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$1,033,059</u></b>
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See accompanying notes and accountant's report.

**Statement B****MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana****STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
For the Year Ended December 31, 2005**

<b>Expenses:</b>	
General government - statutory charges	\$13,013
Culture and recreation:	
Personal services	250,523
Operating services	113,596
Materials and supplies	23,482
Library materials	42,004
Travel	6,881
Intergovernmental	2,280
Depreciation	19,222
Total expenses	<u>471,001</u>
<b>Program revenues:</b>	
Culture and recreation - charges for services	<u>6,377</u>
<b>Net (Expenses) Revenues</b>	<u>(464,624)</u>
<b>General revenues:</b>	
Ad valorem taxes	398,266
State revenue sharing	32,727
State aid	15,023
Interest and miscellaneous	6,310
Total general revenues	<u>452,326</u>
<b>Change in net assets</b>	(12,298)
<b>Net assets - beginning</b>	<u>632,564</u>
<b>Net assets - ending</b>	<u>\$620,266</u>

See accompanying notes and accountant's report.

**Statement C****MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana****BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND  
December 31, 2005****ASSETS**

Cash and cash equivalents	\$261,371
Certificate of deposit	150,000
Ad valorem taxes receivable	<u>383,235</u>
<b>TOTAL ASSETS</b>	<b><u>\$794,606</u></b>

**LIABILITIES AND FUND BALANCES****Liabilities:**

Accounts payable	\$3,933
Payroll withholdings and accruals	887
Deferred revenue	<u>407,973</u>
Total liabilities	<u>412,793</u>
Fund balance - unreserved and undesignated	<u>381,813</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$794,606</u></b>

**Reconciliation of the Balance Sheet of Governmental Fund - General Fund****To the Statement of Net Assets:**

Fund balance - unreserved - undesignated	\$381,813
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	<u>238,453</u>
Net assets of governmental activities (Statement A)	<b><u>\$620,266</u></b>

See accompanying notes and accountant's report.

**Statement D****MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana****STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -  
GENERAL FUND****For the Year Ended December 31, 2005****REVENUES**

Ad valorem taxes	\$398,266
State revenue sharing	32,727
State aid	15,023
Fines and forfeitures	2,455
Charges for services	3,922
Interest and miscellaneous	6,310
Total revenues	<u>458,703</u>

**EXPENDITURES**

General government - statutory charges	13,013
Culture and recreation:	
Personal services	250,523
Operating services	113,596
Materials and supplies	23,482
Library materials	42,004
Travel	6,881
Intergovernmental	2,280
Total expenditures	<u>451,779</u>

**NET CHANGE IN FUND BALANCE** 6,924**FUND BALANCE AT BEGINNING OF YEAR** 374,889**FUND BALANCE AT END OF YEAR** \$381,813

(Continued)

See accompanying notes and accountant's report.

MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -  
GENERAL FUND (Contd.)  
For the Year Ended December 31, 2005

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Fund - General Fund  
to the Statement of Activities:**

Net change in fund balance	\$6,924
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	<u>(19,222)</u>
Change in net assets of governmental activities (Statement B)	<u><u>(\$12,298)</u></u>

(Concluded)

See accompanying notes and accountant's report.

**MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2005**

**Note 1. Organization and Summary of Significant Accounting Policies**

Morehouse Parish Library (the "Library") is a component unit of Morehouse Parish. It was created by Ordinance No. 618 adopted by the Police Jury of Morehouse Parish on April 5, 1939. The administration of and accounting functions for funds of Morehouse Parish Library were transferred from Morehouse Parish Police Jury to Morehouse Parish Library Board of Control, effective January 1, 1983. The governing body of the Library consists of an eight member, non-compensated Board of Control which is appointed by Morehouse Parish Police Jury.

The Library provides approximately 31,200 parish citizens access to resource materials, books, magazines, films, recordings, and Internet.

The Board of Control is responsible for the hiring of a qualified librarian who is responsible for administration of day-to-day operations of the Library and supervision of employees.

The main Library and one full service branch are located at the parish seat, Bastrop, Louisiana, with three additional branches located within the parish and offering full services on a part-time basis.

The Library does not possess all the corporate powers necessary to make it a legally separate entity from Morehouse Parish Police Jury, which holds the Library's corporate powers. For this reason, the Library is a component unit of Morehouse Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Library and do not present information on Morehouse Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The more significant of the Library's accounting policies are described below:

**Government-Wide Financial Statements:**

See accountant's report.



## NOTES TO FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the Library as a whole as governmental activities, generally supported by taxes and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (a) charges for services which include fees, fines, and other charges to users of the Library's services; (b) operating grants and contributions which finance annual operating activities; (c) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported instead as general revenues.

### **Fund Financial Statements:**

Fund financial statements are provided for the governmental fund.

### **Basis of Accounting, Measurement Focus, and Financial Statement Presentation:**

The financial statements of the Library are prepared in accordance with generally accepted accounting principles (GAAP). The Library's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Library's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual are ad valorem taxes. In general, other revenues are recognized when cash is received.

### **Fund Type and Major Fund:**

The Library reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the Library and accounts for all financial resources.

### **Budgets and Budgetary Accounting:**

The Board of Control adopted the annual budget for the General Fund on October 25, 2004. The annual budget was prepared in accordance with the modified cash basis of accounting utilized by the General Fund. The Librarian is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Control. Amendments were made to the annual budget on October 31, 2005 and the budgetary comparison schedule included as supplemental information in the accompanying financial statements includes the original and amended budget amounts. All annual appropriations lapse at fiscal year end.

### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Cash and Cash Equivalents:**

Cash includes amounts in demand deposits and time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less.

Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### **Receivables:**

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

Receivables include ad valorem taxes.

### **Uncollectible Allowance:**

The statements contain no provision for uncollectible accounts. The Library's management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

### **Capital Assets and Depreciation:**

Capital assets, which include property, plant, and equipment, with useful lives of more than one year are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. The Library maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Buildings and improvements	40 years
Furniture and fixtures	5 years
Computer automation	5 years

### **Deferred Revenue:**

The Library reports deferred revenue which arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and revenue is recognized.

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

### **Compensated Absences:**

Full-time professional staff of the Library earn 22 days of vacation each anniversary year of employment. Non-professional staff members of the Library earn from ten to 20 days of vacation each anniversary year of employment, depending on length of service. Employees may not accumulate vacation. Upon resignation or retirement, employees are compensated for vacation earned but not taken during the current anniversary year of employment at the employee's current rate of pay.

The cost of vacation is recognized as a current year expenditure in the governmental fund when vacation is actually taken or when employees are paid for accrued vacation upon resignation or retirement.

The Library's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

2. The employees' rights to receive compensation are attributable to services already rendered.
3. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent that it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The cost of vacation is recognized as a current year expenditure in the governmental fund when vacation is actually taken or when employees are paid for accrued vacation upon resignation or retirement.

No liability is recorded for immaterial amounts of accumulated compensated absences and nonvesting accumulating rights to receive sick pay benefits.

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

### Equity Classifications:

In the government-wide financial statements, equity is classified as net assets and classified into two components:

1. Invested in capital assets - consists of capital assets net of accumulated depreciation.
2. Unrestricted - consists of all other net assets.

In the fund financial statements, governmental fund balance is classified as unreserved and undesignated.

### Revenue Recognition - Ad Valorem Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Library in September or October, are actually billed to the taxpayers in November, and are due and payable on or before January 1 of the following year. All unpaid taxes become delinquent on March 15 of the following year. Morehouse Parish Sheriff bills and collects the Library's property taxes using the assessed values determined by Morehouse Parish Tax Assessor. The Library's ad valorem tax revenues are recognized as deferred revenue when levied.

### Note 2. Cash and Deposits

The following is a summary of cash and deposits as of December 31, 2005:

Non-interest bearing demand deposits	\$155,213
Time deposits	256,068
Petty cash	<u>90</u>
Total	<u>\$411,371</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held jointly in the name of the pledging fiscal agent bank and the Library in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2005, the Library had \$421,778 in deposits (collected bank balances). These deposits were secured from risk by \$206,068 of federal deposit insurance and \$215,710 of pledged

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

securities held by the custodial bank in the name of the fiscal agent bank or Library and pledged in the name of the Library(GASB Category 3).

There were no repurchase or reverse repurchase agreements at December 31, 2005.

### Note 3. Ad Valorem Taxes

For the year ended December 31, 2005, ad valorem taxes of 3.06 mills were levied on property with assessed valuations totaling \$133,323,966 as follows:

	Authorized Millage	Levied Millage	Expiration Date
General corporate purposes	3.26	3.06	2009

The following are the principal ad valorem taxpayers for the Library for the year ended December 31, 2005:

Taxpayer	Assessed Valuation	Approximate Percentage of Total Assessed Valuation	Ad Valorem Tax Revenue
International Paper Co.	\$34,249,530	25.69%	\$104,808
Texas Gas Transmission Corp.	5,426,620	4.07%	16,605

Total ad valorem taxes levied for the year ended December 31, 2005 were \$407,973. As of December 31, 2005, ad valorem taxes receivable was \$383,235.

### Note 4. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2005 for the Library is as follows:

	Balance January 1, 2005	Additions	Retirements	Balance December 31, 2005
Governmental activities: Capital assets not being depreciated:				

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

	Balance January 1, 2005	Additions	Retirements	Balance December 31, 2005
Land	<u>\$60,000</u>	<u>NONE</u>	<u>NONE</u>	<u>\$60,000</u>
Capital assets being depreciated:				
Buildings and improvements	206,056			206,056
Furniture and equipment	53,957			53,957
Computer automation	67,204			67,204
Total	<u>327,217</u>	<u>NONE</u>	<u>NONE</u>	<u>327,217</u>
Less accumulated depreciation for:				
Buildings and improvements	43,786	\$5,151		48,937
Furniture and equipment	53,284	630		53,914
Computer automation	32,472	13,441		45,913
Total	<u>129,542</u>	<u>19,222</u>	<u>NONE</u>	<u>148,764</u>
Total capital assets being depreciated, net	<u>\$197,675</u>	<u>(\$19,222)</u>	<u>NONE</u>	<u>\$178,453</u>

Depreciation expense of the governmental activities of \$19,222 is reported separately in the statement of activities in that the expense essentially serves all functions.

### Note 5. Pension Plan

#### Plan Description:

Substantially all employees of the Library are members of Parochial Employees' Retirement System of Louisiana (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans,

See accountant's report.

## NOTES TO FINANCIAL STATEMENTS

Plan A and Plan B, with separate assets and benefit provisions. All employees of the Library are members of Plan A.

All permanent employees, working at least 28 hours per week who are paid wholly or in part from parish funds, and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225)928-1361.

### **Funding Policy:**

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 11.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Library's contributions to the System under Plan A for the years ended December 31, 2005, 2004, and 2003 were \$21,930, \$19,253 and \$11,549, respectively, equal to the required contributions for each year.

### **Note 6. Risk Management**

See accountant's report.



## NOTES TO FINANCIAL STATEMENTS

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.

See accountant's report.

**REQUIRED SUPPLEMENTAL INFORMATION**

See accountant's report.

MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS)  
AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2005

	Budgeted .....Amounts.....		Actual Amounts (Budgetary Basis - Non- GAAP)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$315,500	\$315,500	\$417,578	\$102,078
State revenue sharing	30,000	30,000	32,727	2,727
State aid grant	15,000	15,000	15,023	23
Fines and forfeitures	1,443	1,443	2,455	1,012
Charges for services	955	955	3,922	2,967
Interest and miscellaneous	4,602	4,602	6,310	1,708
Total revenues	<u>367,500</u>	<u>367,500</u>	<u>478,015</u>	<u>110,515</u>
<b>EXPENDITURES</b>				
General government - statutory charges			13,013	(13,013)
Culture and recreation:				
Personal services	266,500	281,500	257,885	23,615
Operating services	113,500	174,500	115,916	58,584
Materials and supplies	12,500	16,000	23,469	(7,469)
Library materials	45,000	45,000	41,945	3,055
Travel	7,500	9,500	6,881	2,619
Intergovernmental	2,500	2,500	2,280	220
Capital outlay	12,500	15,000		15,000
Total expenditures	<u>460,000</u>	<u>544,000</u>	<u>461,389</u>	<u>82,611</u>
<b>NET CHANGE IN FUND BALANCE (NON-GAAP BASIS)</b>	(92,500)	(176,500)	16,626	193,126
<b>FUND BALANCE AT BEGINNING OF YEAR (NON-GAAP BASIS)</b>	<u>92,500</u>	<u>176,500</u>	<u>393,858</u>	<u>217,358</u>
<b>FUND BALANCE AT END OF YEAR (NON-GAAP BASIS)</b>	<u>NONE</u>	<u>NONE</u>	410,484	<u>\$410,484</u>
<b>ADJUSTMENTS TO GAAP:</b>				
Revenue accruals			383,235	
Deferred revenue accruals			(407,973)	
Expenditure accruals			(3,933)	
<b>FUND BALANCE AT END OF YEAR (GAAP BASIS)</b>			<u>\$381,813</u>	

See accountant's report.

**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's report.

**MOREHOUSE PARISH LIBRARY**  
**Bastrop, Louisiana**

**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**  
**As of and For the Year Ended December 31, 2005**

**STATUS OF PRIOR YEAR FINDINGS**

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

**CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 3.

See accountant's report.

## Schedule 2

MOREHOUSE PARISH LIBRARY  
Bastrop, LouisianaSTATUS OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2005

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action</u>
2004-1	1993	Inadequate Segregation of Duties	N/A	See 2005-1 in current year findings.

See accountant's report.

**Schedule 3****MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana****CURRENT YEAR FINDINGS AND  
CORRECTIVE ACTION PLAN  
For the Year Ended December 31, 2005**

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
2005-1	Inadequate Segregation of Duties	Not economically feasible for corrective action to be taken.	Mary Hodgkins, Librarian	N/A

See accountant's report.

**Independent Accountant's Report on Applying  
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

BOARD OF CONTROL  
MOREHOUSE PARISH LIBRARY  
Bastrop, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Morehouse Parish Library and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Library's compliance with certain laws and regulations during the year ended December 31, 2005 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$20,000 nor were there any disbursements for public works exceeding \$100,000 made during the year.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

**MOREHOUSE PARISH LIBRARY**  
**Independent Accountant's Report on**  
**Applying Agreed-Upon Procedures**  
**December 31, 2005**

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

**Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

I obtained a copy of the legally adopted budget and the budget amendment.

6. Trace the budget adoption and amendments to the minute book.

The 2005 budget was adopted at the October 25, 2004 board meeting. The budget amendment was adopted at the October 31, 2005 board meeting.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

Actual General Fund revenues exceeded budgeted revenues. Actual General Fund expenditures were less than budgeted expenditures.

**Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and;

- (a) trace payments to supporting documentation as to correct amount and payee;
- (b) determine if payments were properly coded to the correct fund and general ledger account;
- (c) determine whether payments received approval from proper authorities.

**MOREHOUSE PARISH LIBRARY**  
**Independent Accountant's Report on**  
**Applying Agreed-Upon Procedures**  
**December 31, 2005**

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

**Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The agendas for the meetings were posted as required by LSA-RS 42:7.

**Debt**

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

**Advances and Bonuses**

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Morehouse Parish Library and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed

MOREHOUSE PARISH LIBRARY  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
December 31, 2005

to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas

Calhoun, Louisiana  
May 17, 2006

### **Louisiana Attestation Questionnaire**

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

## LOUISIANA ATTESTATION QUESTIONNAIRE

In connection with your review of our financial statements as of December 31, 2005 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of \_\_\_\_\_.

### PUBLIC BID LAW

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [ X ] No [ ] N/A [ ]

### CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes [ X ] No [ ] N/A [ ]

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes [ X ] No [ ] N/A [ ]

### BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [ X ] No [ ] N/A [ ]

### ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐ N/A ☐

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes ☒ No ☐ N/A ☐

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐ N/A ☐

#### **MEETINGS**

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes ☒ No ☐ N/A ☐

#### **DEBT**

9. It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes ☒ No ☐ N/A ☐

#### **ADVANCES AND BONUSES**

10. It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐ N/A ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

/s/ Mary Barham, Board President  
Name

1/30/06  
Date

/s/ Mary O. Hodgkins, Librarian  
Name

1/30/06  
Date